

UNITED STATES DEPARTMENT OF COMMERCE
THE MANUFACTURING COUNCIL
Washington, DC

National Institute of
Standards and Technology
100 Bureau Drive
Gaithersburg, Maryland

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The meeting was convened, pursuant to notice,
at 10:35 a.m., MR. DON WAINWRIGHT, Chairman,
presiding.

APPEARANCES:

MR. DON WAINWRIGHT
Chairman, The Manufacturing Council
Wainwright Industries

MS. KAREN WRIGHT
Vice Chair, The Manufacturing Council
President and Chief Executive Officer
Ariel Corporation

THE HONORABLE ALBERT A. FRINK
Executive Director, The Manufacturing Council
Assistant Secretary for Manufacturing
and Services
U.S. Department of Commerce

MR. FRED KELLER
Chairman and Chief Executive Officer
Cascade Engineering, Inc.

MR. JAMES MCGREGOR
President
Morgal Machine Tool and Ohio Stamping and
Machine

MR. D. HARDING STOWE
President and Chief Executive Officer
R.L. Stowe Mills, Inc.

MR. WAYNE MURDY
Chairman and Chief Executive Officer
Newmont Mining Corporation

MR. JAMES PADILLA
President and Chief Operating Officer
Ford Motor Company

MR. EDWARD VOBORIL
Chairman, President and
Chief Executive Officer
Greatbatch, Inc.

MS. KELLY JOHNSON
Ace Clearwater

MEMBERS OF THE PUBLIC:

MR. ERIC MITTELSTADT
Chief Executive Officer
National Council for Advanced Manufacturing

MR. R. PAUL STIMERS
Preston, Gates, Ellis & Rouvelas Meeds, LLP
Nano Business Alliance

MS. CATHERINE A. RANDAZZO
Chief Operating Officer and
Executive Vice President
The Society of the Plastics Industry, Inc.

MR. LEE KADRICH
Vice President, Government Affairs & Trade
Automotive Aftermarket Industry Association

ALSO PRESENT:

THE HONORABLE DAVID A. SAMPSON
Deputy Secretary of Commerce
U.S. Department of Commerce

THE HONORABLE JAMIE ESTRADA
Deputy Assistant Secretary for Manufacturing
U.S. Department of Commerce

THE HONORABLE WILLIAM JEFFREY
Director
National Institute of Standards and
Technology (NIST)

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P R O C E E D I N G S

MEETING CALLED TO ORDER AND WELCOMING REMARKS

By Chairman Wainwright

CHAIRMAN WAINWRIGHT: I would like to thank everyone for coming. Welcome to the National Institute of Standards and Technology. I would like to thank Dr. Bill Jeffrey and the great people at NIST for allowing us to hold the meeting here.

Thank you, Bill.

DR. JEFFREY: Thank you.

CHAIRMAN WAINWRIGHT: I would like to acknowledge a few people at Department of Commerce: Deputy Secretary David Sampson, sitting on my left here; Assistant Secretary of Manufacturing, the next person down, Al Frink; Deputy Assistant Secretary for Manufacturing, Jamie Estrada. Where is Jamie? Jamie, over here on the table here.

And Pierce Scranton. Pierce? Thank you. Where is Pierce? Is Pierce here? (No response) Anyway, Pierce is the Senior Policy Advisor to the Secretary and advised us on the way up here to NIST today, and enjoyed that. Thank you, Pierce.

I would also like to thank the members of the public and the visitors that we have joining us. At the end of the meeting, of course, the public will have

a chance to ask comments and questions, and I will queue you up at that time.

We last met on March 22 in Chicago. That was National Manufacturing Week. We had a fantastic meeting. Actually, prior to the meeting, one of our members, who is not with us today, the Chairman of Caterpillar, Jim Owens, implored manufacturers in the United States to embrace, and not fear, international trade and competition, specifically with China.

He gave a fantastic talk on that, which launched a lot of embracing of international trade in manufacturing and actually just fortified people to understand, step up to the plate and you are going to find out, it is a new world out there.

This was a great inspirational talk by Jim. He just really emphasized what our charter here in the council is. It is part of our charter to get us up and going in manufacturing again in this country.

I would also like to say that this is an area, where we are today at NIST, where scientists and researchers take this and look at the future and the sort of thing that manufacturers can take advantage of to help them in their global competition and move forward for the future.

NIST is one of the foremost government

facilities where such scientists work for our country and our manufacturers.

Dr. William Jeffrey has served as the thirteenth director of NIST since July of 2005. As Director of NIST, Dr. Jeffrey oversees an array of programs that promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance the economy and the economic security and improve the quality of life in the United States.

Prior to this appointment, Dr. Jeffrey served as Senior Director for Homeland and National Security, and an Assistant Director of Space and Aeronautics at the Office of Science and Technology Policy within the Executive Office of the President. Earlier, he was a Deputy Director of the Advanced Technology Office and Chief Scientist for the Technical Technology Office with the Defense Advanced Research Projects Agency.

As you know, all in all, Dr. Jeffrey has been involved in Federal science and technology programs since 1988. It is my great pleasure to have him join us today, and also hosting The Manufacturing Council meeting.

Bill, thank you.

WELCOME TO THE NATIONAL INSTITUTE OF STANDARDS
AND TECHNOLOGY

By Honorable William Jeffrey, Director, NIST

DR. JEFFREY: Thank you very much. It is indeed an honor for NIST to be able to host The Manufacturing Council this morning.

NIST is very, very proud of the work that it does in support of manufacturers and the service industry within the United States and we are ecstatic to have been able to show you just a very, very small sliver of the kinds of things that we do.

Again, there is an open invitation for any of you to come on back and to get the longer version of the short tour that you saw this morning.

As you mentioned, NIST plays an important role in terms of helping to support the basic science and technology developments and full needs of manufacturers, specifically in the measurements and the standards necessary to take basic discoveries that are made and be able to translate those into things that can be manufactured and to support our economic security.

So again, if there are any questions or things that you have seen, I would be happy to give you more information on that later, but mostly I want to get

forward with the meeting. Hopefully you will have a very productive time and enjoy the stay that you have had here.

With that, I would like to now turn it over to Dr. Sampson, who is the Deputy Secretary of the Department of Commerce, who I am very proud to say has been here a number of times, and I think is one of the greatest friends that NIST has had within the senior leadership of the Department of Commerce.

With that, the Honorable Dr. Sampson.

"SECRETARY'S PRIORITIES FOR THE DEPARTMENT OF COMMERCE"

By Honorable David A. Sampson

Deputy Secretary of Commerce

DR. SAMPSON: Bill, thank you. Thank you very much. It is a real privilege to be back on the campus of NIST today.

NIST is one of the real jewels, kind of the hidden treasures, within the Commerce Department. People think of the Commerce Department and think there are a lot of other areas that they may think of first.

NOAA is obviously a very big part of the Commerce Department; when we have hurricanes coming in, everybody focuses on NOAA. We have ITA, the International Trade Administration.

But NIST is truly one of the real gems at the Department of Commerce and plays a very important role in the President's American Competitiveness Initiative.

I will refer to that a little bit later in my remarks this morning.

But I think that we are--well, I know. I do not think, I know--that we are very fortunate to have a scientist of Bill's stature heading up NIST. In addition to that, he is a fabulous manager. When you run an agency, a bureau that is as big as NIST, and all the laboratory work, believe me, that is an asset that

is not lost on the Secretary and me.

Don, thank you for inviting me to join you here today. It is good to be with the Council again. In fact, I was with you last year in the October time frame, when you were in Peoria. We had a great meeting there that day. I was not able to join you in March.

But the Secretary and I really appreciate the hard work this group does, the commitment that you share to strengthening manufacturing in America, and most importantly, the very valuable input that you provide to the Secretary and to me.

As you know, the Secretary is one of your own, and formerly headed up a great American company. But we really do value the input that we receive from all of you. I know we have other manufacturers and manufacturing associations that are here today as well, and certainly we always try to maintain a very open door policy and look forward to always hearing from you.

The economy continues to do well. Since the last time the Council met in March, GDP grew at a very strong 5.3 percent the first quarter of the year. The unemployment rate is down to 4.6 percent now.

We have had 5.3 million new jobs created by this economy since August of 2003. So as we look at

many of those key economic indicators, I think the American economy continues to perform at an amazing pace.

We have a number of indicators that we are also following very closely. I know all of us are concerned about the price of energy and what the potential impact on the economy may be. But so far, we continue to be encouraged.

Blue chip economists forecast we are going to continue to see strong GDP growth, certainly maybe not at the pace it was in the first quarter, but I still think we are anticipating a strong GDP growth through the remainder of the year. But obviously we do not take that for granted.

We certainly believe it is important work that The Manufacturing Council does to help us create the right kind of business environment that can keep the economy growing and sustain strong growth for the long term.

I know I visited with the Secretary this morning. He talked to me about the good visit that he had with you all last night. I think that he talked to you all about an item that he is very involved in right now, and that is the area of immigration and how important immigration is to our continued economic

growth and future. That is an area that he is going to be spending a lot of time on in the months ahead.

But obviously there are a number of other key priorities that the Secretary has identified for the Department when he spent a day and a half with his senior staff on an off-site retreat at the very beginning of this calendar year to kind of lay out what he wants his senior staff to focus on over the course of, at that point, the last three years of the Bush Administration.

First, is China, and protecting intellectual property rights. China is always on our radar screen.

President Bush, and just about every Federal economic agency, continued to work on opening this rapidly growing market. It is truly the commercial relationship of the 21st century.

I am pleased to report to you that, in April, we had a very successful meeting with the Chinese and the Joint Commission of Commerce and Trade. They met in Washington. We expect, as a result of that meeting, we are going to see a more equitable and balanced commercial relationship.

There was very senior-level participation in the JCCT meeting, including China's view premier, and three U.S. Cabinet-level officers, including Secretary

Gutierrez, Secretary Mike Johans from USDA, and well as then-USTR Rob Portman, who now, as I am sure you are aware, heads the Office of Management and Budget.

These kind of high-level talks can be very helpful and produce meaningful results. We do not need just to meet. I assure you, the Secretary's focus in every one of these high-level dialogues is to articulate a clear agenda to get firm commitments and then develop a pathway that can deliver meaningful results.

One area that we have been very insistent about is protecting the intellectual property rights of U.S. businesses. I do not need to tell you what a big issue that is; you as businesses are losing on the order of about \$250 billion a year in lost sales.

It is impacting hundreds of thousands of U.S. jobs. Chinese manufacturers have been pirating our brands. They have been pirating CDs, pirating pharmaceuticals and computer software for many years.

At the meetings in April, China made a firm agreement to strengthen intellectual property right enforcement and require their companies to use only legal software. That is a very positive step forward because China is the world's second-largest PC market, but the thirteenth largest software market. If you

look at that disparity, you have got to wonder what is happening to all those computers.

I know there are some CEOs like me, years ago, if you had a computer sitting on your desk it would not have mattered whether it had any software on it or not because I was not very computer literate.

(Laughter)

DR. SAMPSON: But I do not suspect that is the case there. So, we have got a very firm commitment on the part of senior Chinese leadership. I am convinced that senior leadership, the central government, understands the problem and are working to address that problem. We expect now to see results. We have got a lot of work left to do at the provincial level and at the local government level in China.

But I assure you, we are going to be very aggressive in moving forward with enforcement action. We are placing IPR attachés at our embassy in China, adding IPR enforcement to our offices there, so it is an area that we are taking very seriously.

A second priority for the Secretary is opening other foreign markets. As Don mentioned earlier, the issue of seeing the global marketplace as an opportunity is one that we are very focused on. There is, clearly, a rising protectionist mind-set when it

comes to trade, both here and around the world.

Just this morning, the Secretary and I met with the new Secretary of State for Industry and Trade from the UK, and that was the very first issue that he raised with us.

They are very concerned about trends that they see emerging in Europe and around the world toward protectionism, and certainly we are very concerned about that here in the U.S. as well.

This is not something that is totally new. We have been through these periods before in the history of the U.S. But is always very dangerous. There is a very clear historic track record that no nation has ever built long-term prosperity and growing quality of life on the basis of a protectionist trade policy.

Yet, we cannot just rest comfortably that those lessons are well understood and internalized by either the media or by elected officials. So, we are going to work very hard to continue opening markets and making sure our trading partners play by the rules.

But let me just say that I agree with what Jim Owens said at the last Council meeting: "We must look at globalization and international competition as an opportunity to make ourselves stronger and more efficient and not, as some are proposing, as a reason

to turn inward and put up barriers to trade and investment."

So, we are going to continue to push forward with new trade agreements and we are going to be very focused and make sure our trade partners live up to their existing agreements.

At the top of that list is the Doha Round of trade talks, which we hope will be completed by the end of the year. As noted in the Council's letter that I have had the opportunity to review over the last couple days, or proposed letter that I know is on the agenda for a fuller discussion later this morning, it is of tremendous importance to manufacturers.

We have also been successful in negotiating a number of free trade agreements, including with Australia, Bahrain, Central America, Morocco, Singapore, Colombia, Peru, and Oman. I have had the opportunity, within recent months, to visit Morocco and Singapore. I know how beneficial this bilateral FTA has already proven to be in our relationship with Singapore.

Talks are under way with a number of other countries, including Korea and Malaysia. I was in Malaysia recently, just after we announced that we would enter into negotiations.

It is not always an easy thing for leaders of other nations to make a decision to move into those FTA talks with us, and I think we need to understand some of the pressures that other governments are under as well. It is a very bold, and I think courageous, move on the Government of Malaysia to enter those free trade talks with us.

We also have talks under way with Panama, the United Arab Emirates, and Thailand. These agreements are opening markets for American goods around the globe. Yet, we are concerned that American manufacturers are not taking full advantage of those opportunities, so we need to make sure that we have got strong linkages between Al's office and Israel Hernando's office on trade promotion to make sure that we have got really strong linkage there and that we are doing everything that we can to help American manufacturers penetrate those markets, begin doing business with those markets, and broaden.

The Secretary has made it clear that he really wants us to focus our efforts in terms of the U.S. and Foreign Commercial Service on those countries with whom we already have free trade agreements so that we can demonstrate to American businesses that these agreements do bear fruit.

I think The Manufacturing Council has an important role to play within the various industry sectors that you represent to really encourage businesses to explore the international markets--that is where over 90 percent of our potential new consumers reside--and making sure that you hold our feet to the fire, that we are working with trade associations and industry associations out there to help them access those markets.

Our U.S. Foreign Commercial Service delivers for American business. I am very impressed with them when I meet them all over the world and in our offices around the U.S. They are very entrepreneurial, they are very business-focused, and we want to work with you and your industry associates on helping them penetrate those markets.

A third, and final, priority that I wanted to quickly mention is innovation and competitiveness. I know you discussed those initiatives when you met in March; I believe Al discussed those with you then.

But I very firmly believe that innovation is the lifeblood of America's continued economic growth and vitality and the quality of our life. I believe it is one of the defining economic issues of our time. I do not know if you happened to see it.

I think last week's issue of *Newsweek* had a special focus section on U.S. innovation and competitiveness that I would highly commend to you, not just because I am in there, but it is a very good, I think, assessment of the state of play.

In early May, I guess, I went up to *Newsweek's* headquarters for a luncheon discussion with a number of industry and academic leaders from around the country, trying to outline for the editors of *Newsweek* what the key issues are. I think this is an area that is getting a lot of growing attention.

If properly nurtured, research and technology will respond to the biomedical, energy, and environment imperatives that we face in the 21st century. And not only will they solve problems and improve quality of life, but it will also bring about economic opportunities that we can barely imagine today.

So the goal with the President's American Competitiveness Initiative is to create the right conditions, the right nurturing environment in which a new golden era of innovation can flourish.

If innovation continues to flourish in the U.S., the U.S. manufacturing sector will have new opportunities and will grow and strengthen as well. You are sitting at ground zero. I start to think about

where I should use those words, since you have a nuclear -- I am always nice to Bill because he has a nuclear reactor here on campus.

(Laughter)

DR. SAMPSON: But you are sitting at ground zero for where a lot of that R&D is going to take place. The President's 2007 budget calls for a \$104 million increase to the core R&D laboratory programs at NIST, where NIST is going to be focusing on basic areas as nanotechnology, moving from the laboratory bench to the manufacturing space, working on the hydrogen economy, and then quantum information, developing quantum computers of the future that can handle the most complex problems and equations in terms of minutes that it would take today's super computers years to deal with.

So, it is a very bold statement on the President's part about the importance of R&D, not only in the 2007 Federal budget here, the National Science Foundation, and in Department of Energy and their Office of Science, but I think particularly is a great vote of confidence in the great work that is done right here at NIST.

The early reports I got out of the House Committee mark earlier this week was very, very

encouraging for NIST. We think it looks like we got, out of that mark, everything the President asked for and a minimal -- looks like a pretty clean budget from what we know so that it is not going to be diluted with a lot of earmarks. So, we are very encouraged by the bipartisan cooperation coming out of the House.

So I think there is a lot to be excited about.

There is a lot of work yet to be done. We really want you to work with us on this innovation initiative. You helped us define the areas that we need to be working on, and that is why I am so pleased that you are here at NIST and getting to meet Bill and his team.

Q & A and DISCUSSION

DR. SAMPSON: So with that, thank you very much. I think next on the agenda is an opportunity for Q&A.

CHAIRMAN WAINWRIGHT: Well, thank you, Mr. Deputy Secretary. I appreciate it. It was very nice. And Bill, thank you for hosting this, again.

DR. SAMPSON: It is, indeed, my pleasure, sir.

CHAIRMAN WAINWRIGHT: This is fantastic. Manufacturers need both of you gentlemen, and we appreciate the way you have handled our situation so far.

I know we probably have some questions from our panel, from our Council, for the Deputy Secretary on the things he brought up.

You tasked us with a few things the last time you were with us, and we sort of put some things together. Actually, it just kind of falls into the line here of what the President is looking for.

Do any of the members have any questions to ask the Deputy Secretary before we move on here?

DR. SAMPSON: Questions or comments, either one. I want to hear back from you as well.

CHAIRMAN WAINWRIGHT: Well, I think we are going to cover a lot of them here anyway.

MR. VOBORIL: Well, a comment and a question.

I brought along a *Wall Street Journal* article from yesterday. Richard Freeman from Harvard just wrote this article about the transition or the transformation in China and India with the strong inferences on engineering education.

He said, "Societies in rich countries seem to be completely unprepared for the coming industrial transformation. While they will raise living standards in China and reduce the price westerners pay, it will become increasingly more important to equip American workers with stiffer competition.

So the related question to that with the discussion we continue to have about engineering education, education in math and science, I do not know if it is Department of Education, if it is Department of Commerce, what kind of government initiatives, beyond what is already there, are contemplated for trying to put a stronger emphasis on these types of educational programs?

DR. SAMPSON: Well, that is also one of the components of the President's American Competitiveness Initiative that I did not specifically address because it falls primarily within tasking that he has given to the Department of Education. But there are several

components of that. One, is really to take what began with the No Child Left Behind and literacy and move that to the areas of science and math.

The President has called for a very substantial--and I do not have the numbers off the top of my head right now--increase in the 2007 budget for training teachers in math and science education, expanding advanced placement courses in high schools around the country in areas of math and science. We have got enough experience now with AP courses that we know that those kids who take advanced placement math and science do a lot better than other kids.

Number one, they have a higher matriculation rate into college to begin with, and especially when we look at historically under-represented populations that is true. Secondly, they have a higher rate of accessing scholarships to enable them to remain in college, and a higher rate of majoring in math and science courses. So that is one of the components.

Another component is creating an adjunct teacher corps focused on math and science so that we can bring people from industry and other sectors of academia into the classrooms to help in our education in math and science.

The problem is, we do pretty well in

elementary school, we have the best universities anywhere in the world, but we absolutely are losing kids in junior high.

We have people from all over the world who want to come to the U.S. to go to our universities. There is nobody that is going to come to the U.S. so they can go to our junior highs. When we have people wanting to come to the U.S. to go to our junior highs, we know we will have the problem fixed.

MR. VOBORIL: Has anybody thought seriously about making a year-round school year?

DR. SAMPSON: There are those debates all over the country. Essentially, education is controlled at the local and State level as opposed to those kinds of mandates coming from the Federal Government. There is a whole other set of debates on that.

I do not know if that is the kind of component that we are focusing on. I think we believe that if you had more time on task while kids are in school, you have clear expectations and accountability, that those are the things we need to drive really at the Federal level, and leave school year questions to State and local school boards.

Yes, ma'am?

MS. JOHNSON: Along those same lines, you have

mentioned that Secretary Gutierrez, one of his main priorities was immigration. We are obviously having a very difficult time, especially with a small business, trying to attract engineering graduates. Those that we have interviewed recently and have identified that we would like to hire, all of them require H1B visas.

I think, from a small business perspective, we would like to see the visas not be tied to employment, maybe some kind of incentive for those that graduate with a higher degree, that they have a visa.

DR. SAMPSON: Yes.

MS. JOHNSON: Or if that is not achievable, if we could possibly remove the caps on them and make it so that it could fluctuate more and adjust to what the market needs are.

DR. SAMPSON: Yes. That is actually included in what the President has called for in terms of comprehensive education. Most of the attention is focused on kind of the other end of the scale, enforcing the borders, temporary worker programs. Securing the borders is important and it has been long neglected. We are making significant investments in beefing up that. The temporary worker program is important for border security because it relieves the pressure on the borders for illegal crossing.

Secondly, the temporary worker program will address many of the issues that businesses face in terms of not being able to find American workers for any of those jobs.

There is a whole other set of problems that we face at the opposite end of the scale, which is the very high-skilled and advanced end of the spectrum. The President's comprehensive package does call for reforms in that area as well, which would increase the number of H1B visas.

It is a call for a floating cap, really determined by the marketplace. I think in 2005, the H1B visa cap was reached on the very first day of the year. So, we think that we need to expand that number and move to a floating cap.

Then, thirdly, the President has proposed that those who graduate with advanced degrees from around the world who come to U.S. universities, who graduate with advanced degrees in math, science and engineering, would have an automatic path to being able to stay here. We want to retain that kind of talent here. We want them working for us, we want them innovating, we want them commercializing their innovations here in the U.S.

So that is why we keep talking about the need

for comprehensive reform as opposed to just border enforcement. Border enforcement and security is important; everyone agrees on that.

The bold, courageous move is to move to the comprehensive approach, which deals with both the temporary workers, as well as with the high end, the high-skill. So you are exactly right.

CHAIRMAN WAINWRIGHT: Any other questions or comments?

MR. KELLER: I was really glad to hear you talk about the third of the innovation and competitiveness initiative, and specifically the idea that you mentioned "if nurtured appropriately." Maybe you could comment a little bit about that on energy and environment, maybe talk a little bit more deeply about those, as they are related, and the initiatives that might be taken care of.

DR. SAMPSON: Well, what I was saying "if properly nurtured," research and technology can respond to needs. You have got to take care of the basic business environment issue. You are going to deal later this morning with the R&D tax credit. The administration believes that is obviously very important. It is one of the centerpieces of the American Competitiveness Initiative.

If we are going to truly be innovative, we have got to unleash the power of the private sector marketplace. What the President has called for for Federal R&D spending at the core physical sciences is extremely important in some of the real high-risk areas and in some of the very poor physical sciences because--Dr. Jeffrey can speak much more eloquently to this--it is unlocking or advancing the frontiers of knowledge in some of those core physical sciences that are really going to lead to the great advances in some of the other areas, in bio and life sciences.

So it is appropriate that we beef up Federal R&D spending on those core physical sciences. But I think two-thirds of R&D spending takes place in the private sector, so we have to unleash the power of the private sector.

If businesses are going to make those kind of long-term investments, they need a very predictable tax environment in which to do that. But that nurturing environment also, I think, is broader than just R&D.

I think it addresses things that you have focused on earlier in your meetings and in the manufacturing report dealing with things like entitlement spending and health care costs.

All of those have a tremendous restraining or

dampening influence on our long-term innovative capacity and competitiveness. So that is what I am referring to, that we have to look at the broader business environment issues if we are going to properly nurture an innovative economy.

CHAIRMAN WAINWRIGHT: Thank you.

DR. SAMPSON: My pleasure. I look forward to hearing your discussions today.

CHAIRMAN WAINWRIGHT: Well, actually, that kind of segues us right into our competitiveness. As part of that, we have our chairman of that, Jim Padilla from Ford.

Jim, would you present our R&D tax credit letter that we would like to present to the Secretary?

ACTION ITEM: TAXES**LETTER OF RECOMMENDATION ON THE DOHA ROUND NEGOTIATIONS****By Mr. James Padilla**

MR. PADILLA: Well, thank you very much, Don.

Deputy Secretary Sampson, I really appreciate your endorsement of many of the topics we are going to talk about, because I think living in the real world, as many of us do, global competition is impinging on us from all fronts. One of the advantages that the United States has had for a long period of time has been strength in terms of technology and innovation.

One of the major contributors to that, in my view, has been this favorable environment that you talk about, a nurturing environment, one that encourages research and development.

We think that it is research and development that stimulates innovation in technology, in processes, and in knowledge, much as we see here at NIST. So the role of the Federal Government is substantial, not just in government-sponsored research, but in how the government can create that nurturing environment.

R&D tax credits have been a fundamental element of our economy for quite a period of time. Unfortunately, they expired at the end of last year. We believe it is critical that they be reenacted and

made seamless, that means retroactive to the beginning of this year.

R&D credits affect industry across the board.

There are over 16,000 companies that have been able to take advantage to sponsor R&D research as a consequence. And it is not just big companies. Forty-five hundred of those companies were companies of less than \$1 million. So, everybody is sponsoring. This stimulation has been substantial.

By the way, manufacturing represents about 60 percent of the total credit for R&D, so it is the lifeblood of what we do.

We would also point out that in some cases, like with partnerships or with limited liability companies, because of the Alternative Minimum Tax, there is a genuine disincentive for operations like that to go after the R&D tax credit. We think this inhibits some potential very good investment in R&D, and we should consider that in the future.

Now, it is critical for the government to help us with this regard, because R&D in the manufacturing universe does a tremendous job of stimulating productivity, and productivity is what gives us a competitive edge.

R&D tax credits and the like enables start-up

companies to put the time, the effort, the monies in to formalize their particular companies. We think in some cases that the R&D tax credit should be expanded, and maybe even given more incentive in critical areas, like energy, energy security, and the like.

You know, it is very interesting. We talk about productivity. When you look at productivity in the manufacturing sector, R&D is such a critical element of that. If you look over the period from 2000 to 2005, productivity in manufacturing was almost 5 percent.

If you look at the non-farm business sector in that same time frame, it was just over 3 percent. We think a lot of that comes from the fact that we are investing and we are being given encouragement to investment in R&D.

We think that because a lot of the investment that you make in R&D has a long-term time frame, you do not put a dollar in today and expect it to pay fruits in three to four months, in many cases it is multiple years, so one of the considerations we should have is making the R&D tax credit permanent so that companies can, with confidence, invest in R&D and be assured that they are going to be given the type of incentive, the type of the nurturing environment in that regard.

We talked a little bit earlier about competition around the globe. I have been to China many times. Every time I come back, I am stunned by what they do. I am also stunned by the numbers that Ed mentioned in terms of education.

My point is, if we do not have the R&D done here, it is going to get done somewhere else because they have the resources and they have the commitment to do it. So it is very important that we, as a country, trying to stimulate our own jobs, take forward that effort.

And it pays back. It pays back in big ways in terms of job creation. There have been some studies done in the past that would show that, through the R&D tax credit, it has stimulated, over a 10- or 12-year period, more than \$41 billion of incremental R&D because of that tax credit. So, companies factor this in when they choose how to spend their money.

We also think, as I mentioned previously, that we really need to accelerate R&D in the energy areas and energy security, and we need to have some type of multiplier or something that would contribute to that.

When we look at R&D, yuo mentioned earlier, R&D, right now, is about two-thirds dependent on corporations. That is a fairly significant change over

the last 40 years, where government used to be about two-thirds and industry used to be about one-third.

So it is very important that we stimulate industry as we tend to invest more in our own government R&D. Private industry, accounting for two-thirds of our R&D, needs to continue and needs to accelerate.

I think we also have to take a look at what our global competitors are doing. When you take a look at some of the major economies around the world, you will see that they have permanent R&D tax incentives, tax incentives that are fairly substantial.

When you look at the percentage of GDP, our percentage of GDP for R&D is roughly at a rate of about 2.6 percent. That is not a meager amount, but it has been fairly stable. There are economies that invest more. Japan invests more than 3 percent. Canada has a very high investment. Korea has some special programs that really incentivize, on a permanent basis, R&D. We have to keep that in mind as we go forward.

Likewise, Japan has been growing their investment in R&D at a steady pace. We have to keep that in mind as we go forward. So they are investing, they are incentivizing, and we have to compete, so we need to have the same type of approach.

If you take a look at the OECD countries, 18 of them today have R&D tax incentives. That is 50 percent higher than it was back in 1996. There were only 12 at that point in time. So a lot of people are catching on and saying they want to get on to this productivity/growth type of scenario for their economies.

It is also clear that U.S. affiliates are betting on different markets for R&D and they are growing that R&D in foreign countries. So when I mentioned earlier, if we do not find a way to do it and incentivize it here, the research will get done, but there is substantial risk that more of it will be done somewhere else. So there are some facts and figures on the paper. We should not discount those. If we do not renew, we ought to think about the consequences of that.

As we draw our conclusions as a subcommittee, we conclude that investment in R&D is the single most important source of technological advancement leading to higher productivity for manufacturing. That is why we put so much into it. Private industry, two-thirds.

Competitive foreign countries are stepping up the pace. They are increasing their R&D. We need the U.S. Government to be with us and to reenact and make

it retroactive.

In terms of action items, what we would request is a seamless extension of the R&D credit for as long as possible. That means make it permanent, in our view.

Enhance the level of credit for energy efficiency and energy security. This supports the President's Competitiveness Initiative.

We think that we should also be talking to State-level incentives that would complement what we intend to do or what we propose nationally. We think that for certain enterprises--partnerships, and the like--that the R&D credit should be allowed as a deduction in the Alternative Minimum Tax calculation. That way we could make sure we were sweeping up all enterprises in this effort.

We think that enhanced incentives should be thought about in terms of other advanced technologies in some way. We saw some good examples of nanotechnology this morning.

If there was a way to do some stimulation of what I would call the knowledge advancements today, betting on a future of application, I think that could be a real opportunity for us. So, it is a very comprehensive and good effort by the whole committee.

We think this is critical, and the time to act is now.

So, I thank you for listening.

CHAIRMAN WAINWRIGHT: Jim, thank you very much. Your committee has done a wonderful job on that.

I know you have given everyone a draft, and we have seen that. Your presentation, of course, reinforces that.

I am wondering, the members of the Council, since you have seen this, and have now heard the chairman's presentation, are there any comments or any questions that you would like to ask Jim about? Also, Deputy Secretary Sampson, any questions you might have for us.

MS. JOHNSON: I wanted to add one thing that I hope will make this case even more compelling. We are a very small company, Ace Clearwater. Although we do not receive direct benefits from the R&D tax credit, we are an indirect beneficiary.

As Jim mentioned, if we do not create an environment where companies can innovate here, they will go somewhere else. As a supplier to those companies, we are going to lose out on those opportunities and they will develop suppliers in other parts of the world that will be working with them.

We like to think of ourselves as the "M" in

R&D, meaning we are the manufacturers. So, our customers are doing their research and development and coming up with the ideas, and they will come to a company like ours and say, can you make this for us? I think that is very important. This R&D does create jobs.

CHAIRMAN WAINWRIGHT: Thank you, Kelly.

Anything else? Wayne?

MR. MURDY: I would just like to emphasize, I think, making this permanent. This is the kind of silly thing we do in this country over and over again, and it becomes political in any one particular year. Yet, the investments we have to make in science are not measured in one-year periods.

It is a long-term commitment. It is the strength of this country. These kinds of programs require that type of long-term commitment; if it is good enough for one year, it is good enough for decades at a time. It really should be a permanent part of our Tax Code.

CHAIRMAN WAINWRIGHT: Ed?

MR. VOBORIL: Just to second Wayne's comments. I also sit on the board of the Medical Device Technology Association, which has, again, a lot of emerging companies, in addition to large ones, but is

typified by very long development and approval cycles.

So something that makes this more of a certainty as people are planning their product introductions over at least a 3- to 5-year product life cycle developments, I think it would be very important.

The medical device industry has been one of the big export generators, historically. It depends on innovation. This initiative, very ably presented by Jim, I think is something that is really important to stimulate continued investment in that industry.

CHAIRMAN WAINWRIGHT: Thank you, Ed.

Well, I think we have general consensus on this. If the Council is in agreement, unless there is an objection, I would propose that the letter be approved and transmitted to Secretary Gutierrez.

Are there any objections to that?

(No response)

CHAIRMAN WAINWRIGHT: So done.

Thank you very much, Jim. That was outstanding.

The next action item we would like to talk about would go right along with what you were talking about, Mr. Secretary, on trading and the WTO Doha Round negotiations. We have been working on that.

Harding Stowe, who will deliver for his

subcommittee, has recommendations on international trade. His subcommittee works with advocacy and international trade.

Harding, would you give your presentation and the proposal you gentlemen put together?

MR. STOWE: I would be glad to.

CHAIRMAN WAINWRIGHT: Thank you.

ACTION ITEM: TRADE AGENDA

LETTER OF RECOMMENDATION ON THE DOHA ROUND NEGOTIATIONS

By Mr. Harding Stowe

MR. STOWE: The subcommittee recognizes the critical timing and importance of the WTO negotiations.

I have drafted a letter to Secretary Gutierrez for consideration. If it is okay, I will just read the letter as we drafted it.

"As the United States pursues its agenda of multilateral trade liberalization through the current WTO Doha Round negotiations, it is imperative that manufacturing now becomes the focus.

Over the past four years of this process, agriculture has been the primary topic of discussion, but now it is time to put the emphasis on the manufacturing sector where it is possible to achieve some immediate and longlasting benefits to some very specific agreements.

These benefits will certainly assist tens of thousands of U.S. companies of all sizes, who will also positively impact developing economies in the emerging trade sectors of the world.

It is entirely appropriate to put the greatest emphasis on manufacturing, as manufacturing is the largest sector of trade in the world, accounting for 75

percent of global merchandise exports. This compares to 15 percent for fuels and mining products and 9 percent for agriculture.

In 2005, U.S. farmers accounted for \$63 billion in exports, while American manufacturers almost that much each and every month, totally \$710 billion for the year, or 10 times as much as our agricultural export market.

Given these metrics, it is clear that progress on the manufacturing track is a lever for every -- progress toward our overall objectives of worldwide free and fair trade. However, some industries, such as textiles, require special consideration.

The Doha Round, through 2006, must achieve the broadest and deepest possible reductions in the tariff and non-tariff barriers currently impeding American manufacturing exports.

Specifically, The Manufacturing Council recommends the following actions:

- 1) Agree to large tariff reductions in both developed and developing countries by establishing an aggressive type of formula for tariff cuts on industrial products.

For example, a so-called Swiss formula that includes a coefficient of 5 for developed countries,

and 15 for developing countries, would dramatically cut tariffs around the world. In fact, no developed country tariff would exceed 5 percent, while developing country tariffs would exceed 15 percent.

2) Formula cuts are not enough. High priority should also be placed on select sectorial zero-for-zero tariff agreements in the most promising sectors, like chemicals and machinery.

Taking negotiating precedent from a 1996 WTO agreement in the technology sector and the GATT Uruguay Round zero-for-zero agreements, it would be decisive in moving to multilateral free trade in the manufacturing sector.

3) For the least-developed countries, the United States, the European Union, and Japan should provide "duty free, quota free" market access for all products. This would provide for-market access to the world's most lucrative markets, while providing consumers with more product choices at lower prices.

4) Insistence on reduction of non-tariff barriers focusing on Customs clearances:

* Non-tariff barriers raise the fixed cost of trading and take many forms, including: discriminatory standards, conformity assessment requirements, restrictions on remanufactured products,

pre-shipment inspections, Custom valuation practices, regulatory requirements, port procedures, and security procedures.

* Now is the time to insist on progress the Trade Facilitation negotiations that are a part of the Doha Round and focus on simplifying, speeding and reducing the cost of Customs clearances. This single area can relieve U.S. companies of an estimate 5- to 8-percent cost of goods shipped (especially to developing countries). In many of these countries, the cost of clearing Customs currently exceeds the tariff.

By concentrating negotiation efforts on these specific recommendations, the U.S. can make definitive progress during 2006 toward the goal of multilateral free trade in the manufacturing sector.

As a result, U.S. manufacturing will be more competitive, with increased market access to world markets. Equally important, are trading partners will benefit from better market access to American products.

Thank you for your consideration of this recommendation."

Mr. Chairman, on behalf of the subcommittee, I would move that this draft be adopted by the full Council.

I would also like to make a comment, being the textile representative on The Manufacturing Council and an officer in the National Council of Textile Organizations.

Our organization has supported the free trade agreements that Secretary Sampson is speaking about, we have supported NAFTA, CAFTA-DR, and the African Free Trade Agreement. A significant amount of trade is going on under these agreements right now.

The specific mention of textiles here is the realization that textiles needs a separate sectorial to protect its trading partners and the progress that has been made in these free trade agreements during the Doha Round. We were also encouraged that, in Geneva, the U.S. representative made those remarks at the negotiations.

CHAIRMAN WAINWRIGHT: Thank you, Harding. Very interesting. I know you have worked very hard to help us in this type of negotiation. Of course, your industry has taken quite a beating here. So we appreciate that, and thank you very much for your comprehensive letter.

Are there any other questions on this international trade draft that you have before you that you would like to ask Harding, or any questions at all?

(No response)

CHAIRMAN WAINWRIGHT: Any comments on the Doha Round or anything else that we are working on here right now?

(No response)

CHAIRMAN WAINWRIGHT: Okay. I think probably the Council is in agreement with the draft that this subcommittee has put together. In that case, I would recommend that we do forward that to the Secretary, and thank you very much for your work. We will continue to look at these things.

I think it is time to look at what we have been doing in the Council itself and some of the things going forward. I would like to ask Assistant Secretary Al Frink, our leader in the Manufacturing Office here, which provides advocacy for the manufacturers of the United States and helps us in the world.

Al, I always look forward to your comments and the things that we are going to do going forward. So, we look forward to hearing what you have to say.

NEXT STEPS

By Honorable Albert A. Frink

Assistant Secretary for Manufacturing and Services

ASSISTANT SECRETARY FRINK: Good. Well, actually, my points are going to be somewhat brief, just kind of recapping what has been talked about since the Council came into town last night.

I think there was a very good discussion that the Secretary had with our Council in addressing issues of importance to him and his administration, the Deputy Secretary.

We got a very insightful overview of all things Iraq, not as it relates to manufacturing, but some compelling information that shows how the administration's courageous efforts in moving in our fight against terrorism, and just the progress that we saw was astounding.

Also, the Secretary addressed some very passionate issues with regard to immigration and how that affects manufacturing, and encouraged our team to do everything possible to support the recommendations on immigration, as he laid out.

It has far-reaching aspects beyond manufacturing. It truly represents the best interests of the country and the spirit of what this country was

founded on. Being an immigrant, I can speak passionately to that, myself.

We had a wonderful overview of NIST, which Bill and his crew put together, about the information we received. I encourage those of you out there who have not had a chance to visit NIST and go through the facility, take the time to do so.

We were briefed on intelligent integrated technology and how it will apply to manufacturing, a very timely component of manufacturing and advanced technology for manufacturing, and lean manufacturing nanotechnology. I grew up with "nano-nano."
(Laughter) And I did not truly have a full appreciation for its effect on manufacturing.

Bill and his staff have converted me to believing in that. Our future is dependent on using that technology effectively and getting awareness of that technology to all manufacturers. I just have become a very strong supporter of that direction and the work that is being done here to foster that.

I was very appreciative of hearing the Deputy Secretary's messages on the priorities of the administration, Commerce, priorities that address a strong emphasis on IPR when it comes to trade, the opening of foreign markets, the importance of FTAs, the

free trade agreements.

These have been so well executed, with so much effort. I think it is a little unfortunate that manufacturing has not taken as much advantage of these as they should. Australia would be a good example.

The language is common, the arms are open and welcoming us, and we have virtually eliminated the barriers to trade and they are not being capitalized as much as they should be.

I would strongly encourage that you work with your associations to encourage that. That actually hearkens back to a discussion this morning with the Under Secretary, where we heard some of the elements of what Commerce can provide to help support new trade and the services available.

We heard from the offices that fight and champion the new-to-trade and those who have issues with regard to getting products into foreign markets, there is a wealth of services that are available, and I think we need to foster the new-to-trade folks. There are too many small companies that are not engaged in trade.

I think Jim Owens, as the Deputy Secretary stated, in his message at the last meeting, he survived globalization because he embraced it at Caterpillar.

That is a pretty good slogan to take with us wherever we go. So, as we have progressed in these discussions with the letters, the letters on the tax credit, which is tied to innovation.

As a manufacturer from the private sector, I truly looked at where I was able to succeed in the difficult State of California. Kelly is from that area. It was truly innovation that defined how we were capable of succeeding in the marketplace. I see it important from my past experience, I see it even more so as we go forward in a global market.

So this letter on the research and development credit is so timely, and I would encourage all of us to do everything we can to support that. The letter was excellently crafted. Jim, you and your staff deserve a terrific extent of appreciation on the work that was done, as was the work of the Doha letter.

The committee that worked on that did such a compelling job of representing the interests of manufacturing and its importance to the Doha discussions.

So I encourage that you continue the discussions of what we have laid out with this agenda, and then also think about where we move forward. I think this Council, thanks to the Deputy Secretary, was

challenged with priorities of where Commerce could help manufacturing, and we have addressed innovation and workforce development, we have addressed, now, components of trade and the value of healthy tax that encourages manufacturing innovation through the R&D tax credit.

I would just suggest that perhaps giving consideration to where we go forward, perhaps energy could be a direction that would be a value to the manufacturing sector. It has been brought up several times today.

The President has laid forth an advanced energy initiative. I would strongly encourage that you read it. We actually put a copy of it in your briefing book, for your convenience. Energy, sustainable energy, renewable energy, is on the minds of everybody.

But if we do take this task on, much like the letter on research and development where there was very effective use of graphs and comparisons on how that tax credit will affect outcomes, I would encourage that we do likewise with regard to our efforts on energy, not just bringing forth the issues that everybody has heard, but to perhaps quantify that in a way where it will have greater impact.

So that is a recommendation. The choices for

how we go forward is yours. We have regulatory issues to deal with in future discussions. So I will just close with that wrap-up and recommendation and tell you, just, I am very proud of you.

Thank you.

CHAIRMAN WAINWRIGHT: Thank you, Al.

PUBLIC COMMENT

CHAIRMAN WAINWRIGHT: As you know, these meetings are public and we want to give our audience here a chance to ask some questions. That was a good wrap-up you gave us, looking to the future, also.

Anybody in attendance, it is going to be your turn now to talk. I would ask that you would keep your comments to about one minute or two minutes. We will give you a chance to talk to the Council and have the Council interface with you.

So if there are any questions to anybody here, or anything that you would like to talk about, I would encourage you now to stand up, introduce yourself, and please ask these questions or make whatever comments that you might have on the discussion that we have had today.

Sir?

MR. MITTELSTADT: Eric Mittelstadt, the CEO of the National Council for Advanced Manufacturing, and chairman-emeritus of Phantic Robotics; our robot is out in the lobby there.

First of all, we fully agree with the two letters that you presented today. Just a couple of other possibilities. One, consider publicizing very thoroughly the work that you are doing, the good work

that you are doing, in terms of reciprocity of trade, and also the FTAs, to encourage companies to take advantage of that, as Al suggested, in terms of doing more export. I think having that awareness is important.

In terms of R&D tax credits and so forth, again, let me say this. I realize it is a tough job to run a country, but Congress cannot blame people for putting R&D overseas if they do not do the things necessary to give them the incentives to keep it here.

So, I think that needs to be pointed out, as I think your letter very nicely did.

But consider another possibility. R&D is long term, but the output of R&D that is important to the economy is the creation of new industries we cannot even imagine today, and therefore a lot of new jobs. So consider the possibility of maybe some kind of a longer term rebate incentive later on that is based on that output, not just on how much you spend for input.

I guess the last point is, in terms of collaborative R&D with industrial research consortia, with the Federal labs, with universities, some added consideration for incentive there would be important to our members as well.

Thank you.

CHAIRMAN WAINWRIGHT: Thank you very much.

Anyone else? Any comments or questions? Sir?

MR. STIMERS: My name is Paul Stimers. I am here on behalf of the Nano Business Alliance, the industry association for nanotechnology. I would like to thank you for your concentration on nanotechnology so far. We are delighted to talk with you further about nanotechnology at any point.

We want to say that we are strongly in favor of the R&D tax credit position. We have been pushing for that for some time, and are glad to see it prominently featured.

We are also interested in supporting the Research Competitiveness Act, which is Senate bill 2720, which further simplifies the R&D tax credit, adds an R&D investment tax credit, which is useful for smaller companies, and supports research park development.

So, again, thank you very much. Assistant Secretary Frink, thank you for your comments, in particular, about nano. I appreciate your taking the time today.

CHAIRMAN WAINWRIGHT: Thank you very much.

Yes?

MS. RANDAZZO: Good morning. My name is

Catherine Randazzo. I am the Chief Operating Officer for the Society of the Plastics Industry. We represent the fourth-largest manufacturing sector in the United States. As we all know, since we are all involved in trade and globalization, the U.S. market is one of the freest markets in the world.

The plastics industry is one of the largest manufacturing sectors of the global economy, as well as the U.S. economy. Because we have such low export rates for products coming into the U.S., the U.S. market is a very significant target of other WTO members.

So what we are facing here is tremendous pressure from other companies pouring products into the U.S. and not having reciprocal tariff arrangements in other parts of the world.

So in 2005, we are looking at a trade deficit, just in plastic process parts--not the chemicals, not the plastics, the resins, but looking at the products--of 6.1 billion U.S. dollars. What we are urging this group to do, is everything it can to ensure the Doha Round is successful and that the tariffs are reduced.

We support all the efforts of this group to make certain that tariffs are reciprocal and fair so that our products can compete as they should in other

WTO markets.

Thank you.

CHAIRMAN WAINWRIGHT: Thank you very much. We will forward that letter to the Secretary. I think that will be one big help as we continue to work this way. Thank you for your time.

DR. SAMPSON: Can I make a couple of comments?

CHAIRMAN WAINWRIGHT: Yes, sir.

DR. SAMPSON: The issue of the Doha Round is of critical importance to the administration. I think the President may have made some comments yesterday about this. I anticipate that he will be next week as well when he is in Vienna on the U.S.-EU -- I am going to be there and I can't remember what I'm going to now.

(Laughter)

DR. SAMPSON: The summit. Thanks, Pierce. I go to so many places, I can't keep track of what I'm going to. But anyway, we met on this this morning with our U.K. counterparts. I think that you can count on the administration continuing to try to move forward very, very aggressively on this round.

We do not think that Doha lied, or whatever else. We need really substantial progress moving forward on this. I think the President will reinforce how important that is. I think it is going to take

some strong leadership from the top of these various nations, the key players in the nations from the EU, to get the negotiations moving forward. Realistically, there is a very limited amount of time left to get something done.

CHAIRMAN WAINWRIGHT: Okay. Thank you very much.

Any other comments or questions from the public? Sir?

MR. KADRICH: Good morning. I'm Lee Kadrich with the Automotive Aftermarket Industry Association. I have enjoyed the discussion this morning and just wanted to add our support to the resolutions that were adopted.

Further, to the issue of Doha progress, as you say, we really only have until next July to get this all wrapped up and approved and ready for Congress to vote on before the President's trade promotion authority expires.

How do you survey the climate in Europe in terms of our counterpart manufacturing industries, in Europe, in particular? I think that is really going to be the key to breaking the log jam, is when we get the British and all the other industries in Europe to finally be able to prevail over the French agricultural

industry and some of the other interests that are holding this up. So I am just interested in how that is surveyed.

Then I guess the next question is, just being prepared to mobilize our industry and our workers to make this a reality in the United States. I read somewhere where the University of Michigan estimated that it would be a drag of about almost 6 percent on GDP growth in Europe if this did not go through. In other words, if it goes through, that is the potential for increase; obviously, if they are denied that opportunity, it is quite a drag.

Thank you.

CHAIRMAN WAINWRIGHT: Thank you.

DR. SAMPSON: Well, yesterday I hosted a delegation from UNISAY, which is the confederation of industry associations in Europe, at the Commerce Department for extensive discussions. I know that they are very engaged in this issue and had a very thorough discussion.

I got the sense from them that they were sending a very strong message, from their perspective, to their respective countries in Europe, as well as the EU, since the EU has really the lead on that.

The Secretary was just in Brazil last week.

Brazil is obviously a key player on this issue as well, discussing these items with them. So it is a set of issues where I think there is a lot of engagement, both from the administration leadership, but I also sense, certainly, from the business community and manufacturing community within Europe. The reality is, we have a much tighter time frame than what you outlined to really get things done because that is when the authority ends.

Any agreement has to be submitted or notified to Congress three months in advance of that, and you keep backing that up, I mean, we are really, I think, looking more realistically at a matter of weeks to get the Doha Round moving forward, as opposed to months.

CHAIRMAN WAINWRIGHT: Thank you very much, Deputy Secretary.

Any other comments from the public, or questions?

(No response)

CHAIRMAN WAINWRIGHT: Well, thank you very much. I think we are drawing to a close here. But before we do close, I want to thank several people that really have sort of put this program together and worked hard under Assistant Secretary Frink: Sarah Allisson and Sam Giller, thank you very much for your

help on that. I think you deserve a round of applause there.

(Applause)

CHAIRMAN WAINWRIGHT: I know they worked hard and long on this, and it went very well. Thank you very much for your help.

ADJOURNMENT

CHAIRMAN WAINWRIGHT: So I would conclude this meeting of The Manufacturing Council. Thank you. I look forward to our next meeting. Thank you very much.

(Applause)

(Whereupon, at 11:54 a.m. the meeting was adjourned.)

C E R T I F I C A T E

This is to certify that the foregoing
proceedings of a meeting of The Manufacturing Council,
United States Department of Commerce, held on June 16,
2006, were transcribed as herein appears, and this is
the original of transcript thereof.

— LISA DENNIS

Court Reporter